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Egypt: Prospects for Domestic Stability

Special National Intelligence Estimate

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EGYPT: PROSPECTS FOR DOMESTIC STABILITY

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used in the preparation of this Estimate.

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THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS.

The following intelligence organizations participated in the preparation of the Estimate:

The Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and the intelligence organizations of the Departments of State and the Treasury.

Also Participating:

The Assistant Chief of Staff for Intelligence, Department of the Army

The Director of Naval Intelligence, Department of the Navy

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SCOPE NOTE

This Estimate assesses the prospects for continued domestic stability in Egypt during 1982

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KEY JUDGMENTS

President Hosni Mubarak has moved quickly and effectively to create the conditions necessary to maintain stability in Egypt in the wake of Anwar Sadat's assassination. He has avoided a divisive power struggle among the elite, has retained the military's loyalty, and, in the view of most Egyptians, has performed satisfactorily. Prospects are good, therefore, that Mubarak will be able to govern effectively during the ensuing year.

Egypt is facing mounting economic and social difficulties—inflation, housing shortages, deteriorating public services, a shortage of jobs, and a worsening foreign payments outlook—that, if poorly handled, could substantially weaken Mubarak's position by yearend. Economic problems are compounded by growing concern about corruption. Mubarak appears keenly aware that economic problems have the potential to undermine his position in the near term; we expect he will act to defuse these complaints—without, however, undertaking major reforms that could provoke unrest.

Religious and political extremists have been relatively quiet since the assassination, but are still a potent force capable of exploiting serious economic or social unrest to challenge the regime. Mubarak's ability to reach some accommodation with the largest Islamic group, the Muslim Brotherhood, will be key to limiting fundamentalist opposition.

If economic difficulties or misguided government policies should lead to widespread rioting of extended duration, the military probably would step in to restore order and maintain an essentially pro-Western regime.

Foreign policy issues will be critical to Mubarak's future. Failure to regain the Sinai would severely damage his position at home. If he can forge a rapprochement with the moderate Arabs and persuade Saudi Arabia and other Arab states to resume financial assistance, Mubarak's position would be substantially strengthened. The growing criticism of the US role in Egyptian affairs will encourage Mubarak to seek ways to demonstrate his independence without disturbing the relationship with the United States.

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